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TO RUEHC/SECSTATE WASHDC PRIORITY 8805
INFO RUEHDS/AMEMBASSY ADDIS ABABA 6078
RUEHKM/AMEMBASSY KAMPALA 1058
RUEHLO/AMEMBASSY LONDON 1326
RUEHNR/AMEMBASSY NAIROBI 4696
RUEHFR/AMEMBASSY PARIS 1503
RUEHBS/USEU BRUSSELS
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C O N F I D E N T I A L ASMARA 000345

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USAID FOR AA/DCHA, FFP, OFDA
USAID FOR AA/AFR AND AFR/EA
KAMPALA FOR USAID/FFPO
NAIROBI FOR REDSO/RFFP
ADDIS FOR USAID/FHA

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SUBJECT: ERITREAN MINISTER OF NATIONAL DEVELOPMENT "FROZEN"
BY GSE

Classified By: AMBASSADOR SCOTT H. DELISI FOR REASON 1.4 (B) AND (D)

11. (C) President Isaias Afwerki has, by all accounts, recently "frozen" Minister of National Development (MOND), Woldai Futur, essentially stripping him of his substantive responsibilities but stopping short of formally dismissing him. In January the European Commission and World Bank both received instructions directing them to address all future correspondence regarding their development programs administered with MOND to the Ministry of Finance (MOF). Until recently, however, it was uncertain whether Woldai would retain a meaningful role in other aspects of development. Increasingly the answer appears to be "no." Most recently an Eritrean government employee confirmed to Poloff that the oversight of all development programs, including internationally funded development programs, had been transferred to the MOF. Included in the reshuffle is the Warsay-Yekalo campaign for nation-wide economic development, which was to be partially funded by international partners such as the World Bank and European Commission. As a result, there is little left for Woldai to oversee and we note that the Minister, who in the past year had featured prominently in the pages of the government-controlled press has disappeared from view.

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"Freezing": An Eritrean Tradition

12. (C) Eritrean government officials are often "frozen" by President Isaias Afwerki when he believes they: are not adhering to the party line, have garnered too much influence, are no longer useful to him, or have alienated him in one way or the other. Individuals often maintain their titles and their pay; however, they are given no meaningful work, as seems to be the case at present with Woldai. Officials in the MOND have refused to meet with us to discuss developments within the ministry and no one knows precisely what Woldai did to warrant being frozen. On many issues, such as the Government of the State of Eritrea's (GSE) dramatic shift on food aid policy to "cash for work", he was an unapologetic, and often hard-line, advocate of GSE positions. On other issues, however, particularly in arguing for economic reforms sufficient to win IMF support for Eritrean eligibility for HIPC debt relief, he appeared at times to be swimming against the tide. Woldai, a U.S. legal permanent and employee on leave of absence from the IFC had been allowed to work

for the GSE as the Development Minister since 2002. (Note: Woldai's immediate family resides in the U.S. End Note.)

The Elusive Berhane

13. (C) Meanwhile, the decision to shift many of the MOND's responsibilities to Finance Minister Berhane Abrehe Kidane, seems an uncertain choice. Given his lack of engagement with the international community and absence of a clear track record in development, the shift does not appear to be based on his expertise and experience. His reclusive nature, although, makes it hard to assess his capabilities. Although Berhane (known in some circles here as "Dr. No") has served as Minister of Finance since 2001, to the best of our knowledge, he has never met with any of the serving Ambassadors in Eritrea, routinely denying requests for meetings or even courtesy calls. The former World Bank Country Director, who served in Eritrea for three years, never received an appointment with the Minister during his tour. In the final months of his posting in Eritrea, the Country Director finally met the Minister in Washington, when the Minister was representing the GSE at the World Bank annual meeting. Neither has the designation of the Ministry of Finance as the point of contact for the World Bank and EC resulted in a change of behavior for the Minister. The Minister has not met with the new World Bank

Country Director and the Director's daily phone calls to his office have not been returned. The EC has similar problems in engaging the Minister and is uncertain as to what the change means for the future of its programs here.

BIO NOTE

14. (C) Prior to serving in his current position, Berhane reportedly served as the acting Minister of Land, Water and the Environment and as the Director of Macro Policy and International Economic Cooperation in the Office of the President. A former fighter, he is close to President Isaias Afwerki and one Eritrean characterized him as President Isaias' "international message boy". He frequently travels outside of Eritrea, representing the President in Europe, Japan, Libya, Sudan, the Gulf States, and China (including the 2006 China-Africa conference in Beijing as well as presenting Eritrea's speech at the 60th UN General Assembly). Born May 18, 1945, Berhane is married

with children. He obtained a master's degree in civil engineering from the University of Illinois Champagne-Urbana in 1972. Few of our Eritrean contacts know much about him but one reported he is considered to be quite arrogant, keeps to himself and does not socialize with President Isaias' usual whiskey-drinking crowd.

COMMENT

15. (C) With the transfer of many of the MOND's responsibilities to the MOF, President Isaias may well be continuing a trend of consolidating government control under a cabal of trusted long-time friends and compatriots. Whatever the motivation, however, the latest GSE move is another strange twist in the saga of development aid here. Woldai Futur was often a challenging interlocutor, resistant to working in partnership with donors and advocating policy positions that seemed to fly in the face of his reputation for having a keen understanding of international development issues. However, given the Finance Minister's almost legendary inaccessibility to the GSE's foreign partners and his lack of apparent substantive background on development issues, we imagine that constructive engagement on development programs will only be more difficult (if that is possible) in the months ahead. End Comment.
DeLisi